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FISCAL IMPACT REPORT

ORIGINAL DATE 2/16/07

SPONSOR SPAC LAST UPDATED _____ HB _____

SHORT TITLE Health & Dental Insurance as Child Support SB 296/SPACS

ANALYST Weber

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|------|-------------------------|------------------|
| FY07 | FY08 | | |
| | NFI | | |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 694

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Public Affairs Committee Substitute for Senate Bill 296 relates to changing state statute to conform the federal law after enactment of the Deficit Reduction Act of 2005. This bill requires the consideration that either or both parents of minor children provide private health insurance coverage as deemed appropriate unlike current state law that only requires consideration of coverage by the non-custodial parent.

FISCAL IMPLICATIONS

None

SIGNIFICANT ISSUES

Currently, medical support orders (orders to provide medical insurance coverage) are sought by the Child Support Enforcement Division (CSED) of the Human Services Department (HSD) only against the non-custodial parents in child support proceedings. Changes brought about by the

federal Deficit Reduction Act of 2005 allow the court to determine which parent, non-custodial or custodial, is in the best position to obtain medical insurance for the children. As an example, it may be easier and less expensive for the custodial parent to get medical insurance for the children through her or his employer. In that case, the non-custodial parent would be ordered to pay regular child support, which would include his/her proportionate share of the cost for the medical insurance coverage being provided by the custodial parent. Other considerations are that there are times when it is more practical for the coverage to be maintained by the custodial parent, the non-custodial parent's medical provider may not provide services in the area where the children live and the non-custodial parent may change employment frequently, jeopardizing consistent medical coverage for the dependents.

A potential result is New Mexicans may have health insurance. Currently 35 percent are covered by private health insurance when health insurance has been court ordered. Health insurance coverage could be obtained for an estimated 16,284 New Mexico children who do not currently have private insurance.

TECHNICAL ISSUES

HSD adds Section 3 of HB 694 amends Section 40-4C-3.D of the existing Mandatory Medical Support Act to state in the definitions that "health insurance coverage may include dental insurance," consistent with the federal statute, which does not require that dental insurance be included in the coverage. However, other sections of CSSB296 imply that dental insurance is required; these phrases should be deleted.

MW/csd